

## Greater Cambridge Partnership Future Investment Strategy 3

Report to: Greater Cambridge Partnership Executive Board

Date: 28<sup>th</sup> September 2023

Lead Officer: Rachel Stopard - Chief Executive, GCP

### 1. Background

- 1.1 In March 2019, the Executive Board agreed the Greater Cambridge Partnership's (GCP's) Future Investment Strategy (FIS). The purpose of the FIS is to outline how the GCP will invest in order to maximise the benefits realised by residents and businesses in Greater Cambridge through the delivery of the City Deal.
- 1.2 In 2020 in the context of the impact of Covid-19, the Executive Board agreed to an updated FIS (FIS2). The aim of that update was to assess the Strategy agreed in 2019 and identify gaps or opportunities to intervene in light of new evidence. Specifically it led to:
  - Updated criteria for prioritisation of future investment, which were amended to bring environmental objectives into the strategic criteria.
  - Agreement of the prioritisation for additional future investment, in particular: within the previous £75m public transport allocation, creating flexibility within this allocation to meet City Deal objectives; allocating £20m to a fund for unlocking housing delivery and allocating £2.8m to the Smart programme to continue work to support delivery of GCP objectives.
  - Agreement that the projects prioritised in the Future Investment Strategy are prioritised in principle, with further work to be undertaken by officers in line with usual project development processes and the City Deal Assurance Framework, before funding is committed.
- 1.3 Since 2020 significant events have occurred within the national and international context that have caused high inflation within the UK. This has led to costs of projects across the country increasing significantly. Within the construction industry the overall index for construction went up by 40.5% from May 2020 to May 2023.
- 1.4 In this context, the GCP needs to reassess its programme and ensure that the investment of funds is still achieving the overall objectives of the City Deal, as well as meeting the criteria agreed by the Executive Board in December 2020.

## 2. Recommendations

### 2.1. The Executive Board is recommended to:

- (a) Agree the FIS3 for investment across the GCP Programme.
- (b) Agree the reprioritisation of the programme, including pausing those schemes listed in 4.9 with specific changes to other schemes set out in 5.6.
- (c) Agree to explore opportunities for additional funding, as set out in 5.3
- (d) Note the current forecast cost of the programme and the work officers are doing to manage this.
- (e) Agree the proposed process for managing the 'overprogramming' element of the GCP budget including annual reports on the forecast cost of the programme

## 3. Joint Assembly Feedback

- 3.1. The Joint Assembly welcomed that officers had undertaken this prioritisation exercise and endorsed the report including its conclusions. They had the following specific points.
- 3.2. Members raised some concerns around the pausing of CSETS Phase 2 and whether alternatives should be explored, highlighting its importance to the Biomedical campus. The Transport Director set out the preference at this point to seek further funding as a full Business Case process has been followed to date, including exploring alternative options. CSETS Phase 2 is the preferred option and it is preferential to first seek additional funding before beginning a new scheme. It was also made clear that the GCP is already overprogrammed, therefore any new or alternative schemes would also be unaffordable. Members agreed with this process but asked to be updated at meetings going forward.
- 3.3. Members highlighted the need to continue to explore active travel improvements in the area especially with regards to linking to Granta Park, this was agreed by the Transport Director.
- 3.4. In terms of seeking additional funding for CSETS Phase 2, officers confirmed that the case would be made in the context of the Cambridge 2040 announcements and in collaboration with partners. The Assembly asked for an update on this in the future and officers committed to providing updates via the Quarterly Progress Report in future meetings.
- 3.5. Members questioned how the S106 number has increased, the Transport Director explained that this was increased understanding of contributions.

## 4. Issues for Discussion

### Inflation

- 4.1 Over the last three years inflation has reached a level significantly higher than predicted. This is due to a number of international events including COVID-19 and the war in Ukraine. Within the construction industry the level of inflation has been greater due to availability of materials and energy costs. As a headline the index for all construction materials has gone from 113.9 in May 2020 to 160.1 in May 2023. This is an increase of 40.5% in construction materials costs. The below table sets out specific examples of increases in cost for key construction materials from April 2020 to April 2023.

Table 1: Building Materials Index (source: [Data.gov](https://data.gov))

	% increase
Fabricated Structural Steel	71%
Cement	31%
Pre-cast concrete products	54%
Imported sawn or planed wood	30%
Gravels, Sand, Clays and Kaolin*	28%

\*Before August 2020 these statistics were confidential so this figure is August 2020- April 2023

- 4.2 Inflation is affecting schemes nationwide. A range of different approaches are being adopted by authorities to deal with the issue. These include:
- The West Yorkshire Combined Authority took a decision in December 2022 ([link](#)) to pause or take out of the programme 42 projects and release capital into other developing projects, to a value of approximately £270million. The paused projects would still be delivered over a longer period of time and alternative funding sources for them would also be sought.
  - Oxfordshire County Council paused the A40 Housing Infrastructure Fund scheme in November 2022 to review costs. The outcome of this was published in July 2023 ([link](#)) and consists of splitting the programme into phases with the A40 scheme focused primarily on active travel and public passenger transport. This phasing has put other elements of the A40 programme back and means Oxfordshire will have to renegotiate the funding deal with Homes England.
  - The Department for Transport announced in March 2023 ([link](#)) that they would delay multiple major projects including the Lower Thames Crossing and High Speed 2 in order to 'ensure the overall spending profile is manageable.'

### Impact of Inflation on the GCP Programme

- 4.3 Over the last six months GCP officers have undertaken a detailed review of the programme to understand the impact of inflation. Specifically this has involved:
- Detailed analysis of each scheme to understand the impact of inflation on the forecast costs.

- Analysis of opportunities for value engineering, incorporating them where possible.
- A review of schemes against the planned project outcomes set out within each scheme Business Case, and review of whether changes in scope could provide better outcomes.
- Analysis of the programme against the December 2020 agreed FIS Prioritisation criteria (set out in section 4.7 and Table 2).
- Detailed analysis of expected income within the programme, especially related to developer income.

4.4 The scale of inflationary pressure on the GCP programme is significant. Though anticipated income has increased, anticipated expenditure has also increased significantly:

- The expected income for the GCP Programme, has increased from £654million to £719million.
- The forecast expenditure on the existing agreed programme has increased from £765million to £997million.
- The identified gap between funding to expenditure has now increased from the agreed £111million to £278million.

#### **Existing Budget, Income and Overprogramming**

<b>Budget</b>	<b>Income forecast (March 2023)</b>	<b>Difference (Overprogramming)</b>
£765,000,000	£654,000,000	£111,000,000

#### **Forecast Cost, Forecast Income and Overprogramming**

<b>Forecast Cost</b>	<b>Income forecast (March 2023)</b>	<b>Difference (Overprogramming)</b>
£997,000,000	£719,000,000	£278,000,000

4.5 The specific reasons for this increase in cost are as follows:

- Inflation is affecting the majority of project costs by at least 20-30%.
- Significant inflationary pressures on the Waterbeach to Cambridge, Cambourne to Cambridge and Cambridge South East Transport Phase 2 have seen over £100million worth of increase across those three schemes.
- A potential budget for Madingley Road has been allowed for (£14million).

- 4.6 Based on these figures, officers have used the agreed FIS2 prioritisation criteria to assess the programme in terms of priority.

### Increased Income

As set out in 8.2 below a portion of the inflationary increases can be offset by increased income. The forecast income for the Programme has increased from £654million to £719million, this follows discussions with the County Council over reasonable assumptions related to Development contributions to projects. The scale of the contribution is subject to negotiation with the Planning Authorities on a case by case basis but at this stage GCP officers have agreed with County Council colleagues that a total figure of £187million can be reasonably assumed. This is an increase of £66million from the previous estimate of £121million. Officers have taken a conservative approach to this assumption.

### Agreed Prioritisation Criteria

- 4.7 In December 2020, the Executive Board agreed that the prioritisation criteria for GCP investments should be updated. The agreed criteria for prioritising schemes is set out below.

Table 2: Criteria for Prioritisation of Schemes

<b>STRATEGIC</b>	
How does the scheme facilitate City Deal objectives?	What is the likely impact on facilitating economic growth of doing the scheme vs. not doing the scheme? <sup>1</sup>
	What is the impact on the labour market of doing the scheme? <sup>2</sup>
How does the scheme facilitate environmental objectives?	Will the scheme clearly support the delivery of net-zero carbon objectives across Greater Cambridge?
	To what extent will delivery of the scheme result in environmental 'net gain'?
<b>TRANSPORT</b>	
What is the impact on people's travel choices?	Overall journey time improvement
	Impact on journey reliability
	Capacity improvement
	Competitiveness analysis of car vs. public transport and/or active travel
Scale of impact	Connecting how many homes to how many jobs, to include: <ul style="list-style-type: none"> <li>- Existing homes</li> <li>- Enabling or facilitating new homes</li> </ul>
	Connecting different employment sites to encourage knowledge exchange
<b>OVERALL</b>	
Is the scheme deliverable?	Is the scheme affordable for GCP?
	Is the scheme deliverable within the City Deal timescales?
	Consideration of other factors, including practicality, risk analysis and stakeholder support

<sup>1</sup> This would be measured in line with government's criteria moving to Gateway 2025.

<sup>2</sup> For transport projects this measure would use connectivity and competitiveness measures. For other projects this could include looking at number of apprenticeships supported, or number of jobs created.

Is the scheme value for money and financially sustainable?	Including, if applicable: <ul style="list-style-type: none"> <li>- funding identified beyond the City Deal period</li> <li>- potential to recycle funds or generate future revenue</li> </ul>
How does the scheme interact with other schemes (both GCP and non-GCP)?	In particular, alignment with CPCA schemes, and interaction with other proposed strategic infrastructure schemes e.g. East-West Rail
Other policy impacts	To what extent is the scheme tailored to emerging trends in working and travel for work behaviours?
	Social distributional impacts
	Are there any impacts that severely deteriorate or negate the positive impacts?
	What is the likely impact on air quality?
	What is the impact on public realm? (alignment with spaces and movement SPD)

- 4.8 Utilising this methodology each scheme has been assessed, except where schemes with a final design have been agreed by the Executive Board and are under construction, or a scheme is complete. Therefore, the schemes not included are set out below in Table 3.

*Table 3: Schemes not included in Programme Prioritisation*

Scheme		Status
Cross City Cycling	Hills Road / Addenbrookes Corridor	Completed
	Arbury Road Corridor	Completed
	Links to Cambridge North Station & Science Park	Completed
	Links to East Cambridge and NCN11/ Fen Ditton	Completed
	Fulbourn/ Cherry Hinton Eastern Access	Completed
A10 Cycle Route (Shepreth to Melbourn)		Completed
Skills Phase 1		Completed
Chisholm Trail Phase 1		Completed
Histon Road		Completed
SMART- CP Development – Building on the Benefits		Completed
SMART- Data Visualisation – Phase Two		Completed
SMART- New Communities - Phase One (Extended)		Completed
SMART- Smart Signals – Phase One		Completed
SMART- Strategic Sensing Network – Phase One		Completed
SMART- C-CAV3 Autonomous Vehicle Project		Completed
SMART- Digital Wayfinding		Completed
Milton Road		Under Construction
Cambridge South East Transport Strategy Phase 1		Under Construction
Skills Phase 2		In delivery

- 4.9 The assessment of the programme is set out in Table 4 below. When assessed against other projects in the programme, this methodology has demonstrated that two schemes within the GCP Programme are relatively less likely to deliver against

key elements of the FIS's criteria. The two schemes are the Cambridge South East Transport Strategy Phase 2 (CSETs) and the Foxton Travel Hub.

4.10 As Table 4 demonstrates, of the major schemes the GCP is delivering CSET's Phase 2 and Foxton Travel Hub do not score as strongly when assessed against the FIS criteria. The reasons for this are as follows:

- Although Cambridge South East Transport Strategy Phase 2 (CSET 2) has significant benefits including supporting the Biomedical campus, it is not able to attract significant third party funding (such as developer contributions) as it is not directly linked to residential development in the current Local Plan. In comparison with other schemes in the programme it therefore does not fulfil criteria 6 at this time.
- Foxton Travel Hub is not able to attract significant third party funding (such as developer contributions) as it is not directly linked to the current Local Plan. It therefore does not fulfil criteria 6.

4.11 The previous Cambridge Biomedical Campus (CBC) Transport Needs Assessment<sup>3</sup> demonstrated the clear need for CSET 2 as a dedicated public transport corridor to support both the existing and planned growth of CBC. The Transport Needs Assessment demonstrated that without this intervention, there will be a significant increase in car trips to and from the campus, creating further challenge and therefore stifling planned growth ambitions.

4.12 Within the constrained financial environment we find ourselves we are required to make decisions based on the highest levels of certainty we have. Difficult decisions are required in order to deliver the majority of the programme and to meet the overall objectives of the City Deal in the context of inflationary pressures. However, the current situation doesn't rule out that position changing as proposals for the next Local Plan continue to emerge. Indeed, the next Local Plan is likely to include further growth<sup>4</sup> at the Cambridge Biomedical Campus. Combined with recent announcements around 'Cambridge 2040'<sup>5</sup> the case for CSET's Phase 2 remains strong.

Table 4 – Assessment against FIS criteria

Scheme	1. Facilitate City Deal Objectives	2. Facilitate Environmental Objectives	3. Impact on people's travel choices	4. Scale of Impact	5. Scheme Deliverability	6. Value for money and financially sustainable	7. Interactions with other schemes (including CPCA)	8. Other policy impacts	Priority
Public Transport Schemes									
Cambridge South East (A1307) - Phase 2	✓	✓	✓	✓	✓		✓	✓	
Cambourne to Cambridge (A428)	✓	✓	✓	✓	✓	✓	✓	✓	✓

<sup>3</sup> <https://www.greatercambridge.org.uk/asset-library/Sustainable-Transport/Public-Transport/Cambridge-South-East-Transport/CBC-Transport-Needs-Review-Study-Refresh-v5.0.pdf>

<sup>4</sup> <https://consultations.greatercambridgeplanning.org/greater-cambridge-local-plan-first-proposals/greater-cambridge-2041/edge-cambridge/policy-scbc>

<sup>5</sup> <https://www.gov.uk/government/speeches/long-term-plan-for-housing-secretary-of-states-speech>

Waterbeach to Cambridge	✓	✓	✓	✓	✓	✓	✓	✓	✓
Eastern Access	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cambridge South West Travel Hub	✓	✓	✓	✓	✓	✓	✓	✓	✓
Foxton Travel Hub	✓	✓	✓	✓	✓		✓	✓	
Waterbeach Station	✓	✓	✓	✓	✓	✓	✓	✓	✓
City Access Project	✓	✓	✓	✓	✓	✓	✓	✓	✓
Active Travel Schemes									
Chisholm Trail cycle links - Phase 2	✓	✓	✓	✓	✓	✓	✓	✓	✓
Madingley Road	✓	✓	✓	✓	✓	✓	✓	✓	✓
Greenways	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cycling Plus- Hills Road	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cycling Plus- A1134	✓	✓	✓	✓	✓	✓	✓	✓	✓
Transport Enabling Schemes									
SMART	✓	✓	✓	✓	✓	✓	✓	✓	✓

- 4.13 As part of the of scheme-by-scheme evaluation exercise a number of additional 'programme changes' have also been identified. These suggested changes can be seen in section 5.6.

## 5. Options and Emerging Recommendations

### Reprioritisation of the Programme

- 5.1 Section 4 of this report demonstrates the inflationary constraints facing the GCP Programme and the work that officers have developed to gain further clarity.
- 5.2 The Executive Board are asked to consider the following options:

#### Option 1: Do Nothing

The programme would continue to move forward with an overprogramming assumption of £278million. As a result, a decision would have to be taken at a later date on which schemes to pause and/ or rely on additional funding becoming available via other sources.

#### Option 2: Reprioritise Based on the Programme Prioritisation Criteria

Utilising the assessment completed by officers, pause CSET's Phase 2 and Foxton Travel Hub. Costs for these schemes would be removed from GCP budget pressures and GCP officers would proactively seek new funding opportunities.

In this scenario, the level of overprogramming would stand at £122million. As above, this would continue to be assessed at regular intervals and as part of an annual assessment linked to the budgeting process.



5.3 Officers suggest that **Option 2** is taken forward. In this scenario, the following actions would be taken:

- Work on CSET's Phase 2 and Foxton Travel Hub would pause.
- For Foxton this would be once all the planning documentation is drafted.
- For CSET's Phase 2 this would follow the completion of the design changes following the consultation on the location of the Retirement Village in Stapleford. Please see agenda item 8 (CSET's Phase 2) for further information. Although all preparations would be complete, the pause would also be prior to requesting approval from Cambridgeshire County Council to submit a Transport and Works Act Order (TWAo). Work will be paused by the end of 2023 at the latest.
- In tandem, GCP officers would work with partner organisations to identify additional funding opportunities for these schemes. As part of this, officers would work with the LPA's and central Government to understand more about the recent 'Cambridge 2040' announcement <sup>6</sup>.
- The Programme would continue to look at Value Engineering opportunities within each individual scheme to ensure value for money is continually assessed and further opportunities for savings identified.

### **Overprogramming**

5.4 If Option 2 is taken forward, the programme will have £122m of overprogramming. Maintaining a level of overprogramming is required for the following reasons:

- Significant risk still remains across the programme within each scheme. This could mean that schemes come in under budget. Alternatively, it could mean some elements of schemes, or whole schemes need to be reviewed due to not being able to pass through statutory processes (planning, TWAo etc.).
- As S106 funding continues to grow, this could mean that the level of overprogramming reduces as further funding becomes available. As in 4.5 above, officers have taken a conservative approach to this assumption. Therefore the expectation is that the income will increase in future years. As set out in 8.5 below, officers will continue to work with County Council colleagues to further refine these assumptions.

5.5 To effectively manage the over programming position there are a range of actions that can be taken:

- As above, a process of continued value engineering and value management will be applied to each project to ensure delivery and identify potential savings.
- In tandem, an annual process of review, linked to the budgeting process would enable a continual review of levels of overprogramming.

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<sup>6</sup> <https://www.gov.uk/government/speeches/long-term-plan-for-housing-secretary-of-states-speech>

- Opportunities can be realised including the bulk buying of materials and opportunities to remove excavated materials from one scheme to another. This will reduce costs in import/ export of materials.
- Further understanding of risk within each project and where funding can be released from schemes as a result.
- Increased knowledge of potential income into the programme. As above, this is being built up with the County Council's Development Management team.

## **Programme Changes**

- 5.6 As part of the prioritisation exercise a process of scheme-by-scheme evaluations has taken place to understand options for ensuring projects achieve maximum outcomes. This has identified the following for consideration:

### **Greenways Programme additions**

- The work identified that significant benefits would be achieved from funding the A505 bridge to Royston within the Melbourn Greenway. It is therefore proposed that this is added into the programme. In addition, changes to the Linton Greenway such as the route around the Abingdon's are suggested.

### **Greenways Programme alterations**

- Across the Greenways programme, following further cost scrutiny and public engagement it is clear that some elements should be reconsidered until further funding can be identified. These elements are:
  - The Sawston Greenway link via Dernford Reservoir which would be of significant cost due to the need to reprofile the Network Rail embankment.
  - The Melbourn Greenway off road link to the Haslingfield Greenway at Harston due to the cost and limited benefits offered by this route.
  - The St Ives Greenway, Over spur which would need to include a new structure. This would result in a significant increase in cost.

### **Eastern Access**

- The Eastern Access substantive paper at item 10 of this agenda sets out changes related to the Phase 1 scope. The costs in this paper reflect that scope.

## **Non-Transport Programme**

- 5.7 As above, every element of the programme has been assessed in line with the criteria set out. The following has been identified:

## **Skills**

As with the national picture of inflation the GCP's contracted work on skills is being impacted. Our contract provider, Form the Future, has had to increase staff salaries, is meeting the demands of increased costs for events and the increases in the cost of commodities and utilities. In order to maintain current levels of delivery Form the Future have asked the GCP to increase the remaining contract value (as at August 2023) by 10% (c£110,000).

## **Smart**

The Smart Programme is currently forecast to be on budget and deliver significant benefits for the wider GCP Programme. In line with the rest of the programme, this will continually be reviewed. It should be noted that the Smart team have secured significant external funding to help support the work they are doing.

## **Housing**

The current costs for Waterbeach station continue to be as set in July 2022. This is set out in Table 5. As with the rest of the programme this will be kept under regular review.

## **Economy and Environment**

As a result of the UKPN's decision to fund the Grid capacity works, aside from a limited amount of consultancy expenditure, there is no longer any capital expenditure required from GCP towards this project or any other significant costs anticipated for this workstream.

## **6. Alignment with City Deal Objectives**

6.1 The programme prioritisation exercise is focused on ensuring the continued delivery of the key City Deal objectives:

- Accelerating delivery of 33,480 planned homes;
- Delivering new Apprenticeships for young people;
- Creating 45,000 new jobs;

As set out in the City Deal, the programme will achieve this through the delivery of a 'comprehensive network of pedestrian and cycle routes within Cambridge' and by ensuring 'the main radial routes have high quality bus priority measures'.

## **7. Citizens' Assembly**

7.1 The June 2020 Board response to the Citizens Assembly set out how the GCP supports the vision set out by the Citizens' Assembly, which aligns well with the aims set out in the City Deal and subsequently developed for the GCP's transport programme.

In supporting this vision, the GCP confirmed it would bring forward proposals that:

- Provide better public and active travel options – giving people a good alternative to travelling by car;
- Improve connectivity and enable better connections for people accessing employment in Greater Cambridge from across the travel to work area;
- Ensure that our proposals help to reduce air pollution and carbon emissions, supporting our partners to achieve their ambitions for net zero carbon. This would include exploring how, over a period of time, we can reduce and ultimately remove polluting vehicles from the city centre; and
- Make better use of space, particularly through creating more space for pedestrians and cyclists, which is more important than ever before now, to support social distancing.

As set out above, this exercise takes all of the above points into consideration.

## 8. Financial Implications

### Overview

- 8.1 The overall forecast for GCP expenditure, income and overprogramming, based on the recommended Option 2 are as follows:

Forecast Cost	Forecast Income	Difference (Overprogramming)
£841,000,000	£719,000,000	£122,000,000

### Forecast Income and Overprogramming

- 8.2 The forecast income for the Programme has increased from £654million to £719million, this follows discussions with the County Council over reasonable assumptions related to Development contributions to projects. Significant developments around Cambridge are expected to contribute financially to the programme including the Waterbeach New Town, North East Cambridge and the West of Cambridge Development. The scale of contribution is subject to negotiation with the Planning Authorities on a case by case basis but at this stage GCP officers have agreed with County Council colleagues that a total figure of £187million can be reasonably assumed. This is an increase of £66million from £121million. As above, a conservative approach has been taken to this assessment.
- 8.3 Although the overprogramming figure has increased, the same principle as was agreed in the budget setting process in March 2023 has been adopted as part of this updated FIS. As above, this position will be continually reviewed, with the next update presented to the Joint Assembly and Executive Board as part of the March 2024 budget setting process.

### Forecast Expenditure – Assumes Option 2 Scenario

- 8.4 The below table sets out the current budget for each scheme and the current forecast cost. It should be noted this table does not include all previous costs for completed projects, these are within the budget set in March 2023. This takes into account the

pausing of both CSETS Phase 2 and Foxton Travel Hub as well as the Greenways programme updates. It should be noted that at this time this is for information except for the Waterbeach to Cambridge and Eastern Access costs both of which are subject to separate agenda items. The full updated budget will be agreed at the March 2024 meeting of the Executive Board.

Table 5: Forecast costs with Programme Prioritisation Option 2

Scheme	Budget (£000s)	Forecast Cost (£000s)	Notes
Cambridge South East (A1307) -Phase 1	16,950	20,770	Linton Greenway will now be delivered as part of the overarching Greenways programme.
Cambridge South East (A1307) - Phase 2	132,285	18,015	This includes scheme preparation to date and delivery of active travel measures for the Sawston Greenway. It should be noted that the updated forecast cost is £161,388,000.
Cambourne to Cambridge (A428)	157,000	181,349	Increased due to inflation.
Waterbeach to Cambridge	52,600	109,400	Increased due to understanding of scope and inflation. A full agenda item (Agenda Item 9) sets out the scope of this project.
Eastern Access	50,500	58,472	The scope of this project is reflected in the full item on Eastern Access. Agenda item 10.
Cambridge South West Travel Hub	42,000	69,503	Includes spend to date on the expansion of Trumpington Park and Ride and the construction of the South West Travel Hub.
Foxton Travel Hub		2,500	Covers spend to date. No further spend on the project if Option 2 adopted. It should be noted that the updated forecast cost is £14,043,000.
Milton Road bus and cycling priority	24,000	31,945	As well as inflation, these costs increases also reflect the requirement to complete maintenance work as part of the scheme.
City Access Project	20,320	20,320	Subject to the next stages of Making Connections, funding from the FIS Allocation (below) may be allocated to the delivery of the programme.
Chisholm Trail cycle links - Phase 2	5,000	6,184	Increased due to inflation.
Madingley Road	993	14,548	No budget currently allocated. Subject for discussion on December Board agenda.
Greenways Programme	76,000	112,708	Includes Linton Greenway and changes to programme such as introduction of the A505 bridge to Royston.
Cycling Plus- Hills Road	5,100	7,705	Dependent on the Option taken forward this figure will be refined.. Subject to Board discussion in December 2023.
Cycling Plus- A1134	5,100	10,000	Dependent on the Option taken forward this figure will be refined. Subject to Board discussion in December 2023.
Waterbeach Station	37,000	37,000	Business Case expected to be presented to the Board in December 2023.
FIS Allocation - Public Transport Improvements and Sustainable Travel	65,000	65,000	This is an allocation that has yet to be allocated to a specific project. Should a Making connections package be agreed, the majority of this funding will likely be allocated to that programme.
SMART	5,070	5,070	No change
Skills	4,713	4,823	10% increase to reflect increase of contract costs as set out in section 3.6

Programme management and scheme development	5,450	6,450	This is increased to cover a larger number of programme wide pieces that need to be completed including Biodiversity and Carbon. This also includes increase in resource related to commercial support for the GCP programme.
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- 8.5 Any future budget updates will need to account for the cost of potential borrowing as we move towards 2031 and beyond. These costs are dependent on a range of factors, including some currently unknown anticipated S106 contributions. However, there is a high likelihood that borrowing will be required in advance of these funds, and this will need to be funded from GCP resources. As such officers will work with County Council colleagues to better refine these assumptions for inclusion. This needs to be identified in the coming months in order that the GCP Board are aware of this likelihood and the impact on current decisions in terms of any commitment of funds in order to ensure that funds are available to provide for this borrowing.

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Sarah Heywood

## 9. Risks

- 9.1 The following are key risks associated with the Programme and will be regularly reviewed by officers:

### **Income from Developers**

The income assumed from developers has been worked up in partnership with the County Council. It takes conservative assumptions with regards to future major development contributions. However, these assumptions could be impacted by significant economic shocks that impact the pace housebuilding.

### **Gateway Review**

The assumed income anticipates a successful Gateway Review in 2024. The impact of inflation is being highlighted with DLUHC as part of this process.

### **Risk within Projects**

Each project has its own Risk Register and appropriate budgetary allocation for risk. This could mean that if not all risk is realised then schemes could be delivered under budget. At the same time, not all risks can be known and therefore it should be understood that unforeseen risks can lead to increase in scheme costs at a later stage.

### **Further Inflation**

As set out in Table 5, all schemes have been evaluated and now account for the impact of existing inflation as well as forecast future inflation. However, unforeseen delays in projects or additional unforeseen events could lead to further inflation that cannot currently be known.

## 10. Next Steps and Milestones

- 10.1 The above strategy (FIS3) has set out how officers suggest the GCP Board may wish to respond to the identified, national, inflationary pressures. This includes the pausing of Foxton Travel Hub and CSET's Phase 2 as well as specific less substantive changes within the Programme as set out in 3.6.
- 10.2 The costs shown in Table 5 reflect the best available information at this time, however as above, officers will continue to refine this information to ensure an accurate programme position.

## Background Papers

Source Documents	Location
GCP Future Investment Strategy (March 2019)	<a href="#">Link</a>
GCP Future Investment Strategy (December 2020)	<a href="#">Link</a>